

Message Text

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14

ACTION AGR-10

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2122

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PASS USDA/FAS/K. STEPHENS/CEP AND D WILLIAMS/COT DIV/FMD

FOR STATE/ANGEVINE/F&TD

E.O. 11652: N/A

TAGS: EAGR

SUBJ: COTTON CONTRACT PROBLEM

1. DBP HAS CABLED THE FOLLOWING MESSAGE TO THE NEW YORK OFFICE OF THE ACEA:

QUOTE - 1. LIRAG TEXTILE MILLS INC - ELCEES COVERING OUTSTANDING CONTRACTS WITH PAN AMERICAN HOHENBERG AND STAPLE COTTON SHALL BE OPENED VERY SOON. HOWEVER COVERING ELCEES FOR CONTRACTS WITH ALLENBERG AND LAWRENCE STILL HELD IN ABEYANCE UNTIL CASE PERTAINING TO QUALITY PROBLEM OF PRIOR SHIPMENTS IS RESOLVED BY COURT.

2. UNITED ASIA MANUFACTURING - AS ALREADY MENTIONED DBP CAN ONLY COMPEL FIRM TO OPEN ELCEES WHEN FIRM BECOMES OPERATIONAL

3. YUPANGO COTTON MILLS - FIRM ADVISED DBP THAT IT SHALL HONOR BALANCE OF CONTRACT NO. CAH-31 COVERING 6000 BALES AFTER HAVING VERIFIED PRIOR SHIPMENT OF 500 BALES UNDER CONTRACT CAG 439 IN ACCORDANCE WITH CONTRACTED QUALITIES AND SPECIFICATIONS WE BELIEVE CONTENTION OF YUPANGCO REASONABLE SINCE FIRM'S OPERATIONS TREMENDOUSLY AFFECTED BY QUALITY PROBLEMS ON PRIOR YEARS COTTON SHIP-

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DOUSLY AFFECTED BY QUALITY PROBLEMS ON PRIOR YEARS COTTON SHIP-

MENTS. PLEASE BE ADVISED FURTHER THAT BY VIRTUE OF THE DECISION OF LOCAL COURT ON CASE FILED BY YUPANGCO AGAINST COTTON IMPORT & EXPORT COMPANY CONTRACT NOS. CAG 439 AND 440 WERE RESCINDED

4. CENTRAL TEXTILE MILLS INC - CENTRAL BANK OF THE PHILIPPINES DECIDED THAT FIRM HAS SUBSTANTIALLY COMPLIED WITH ITS OBLIGATION TO ALLENBERG EXPORT INC SINCE ALLENBERG FAILED TO SHIP COTTON WHILE CENTRAL TEXTILE'S LC WAS STILL VALID AND SINCE ALLENBERG IN FACT FAILED TO REQUEST CENTRAL TEXTILE TO EXTEND EFFECTIVITY DATE OF LC.

5. SOLID MILLS INC - FROM FACTS AVAILABLE TO US IT APPEARS THAT SOLID MILLS HAD IN FACT OPENED THE ELCEES ON OCTOBER 22, 1975 PERTAINING TO CONTRACT NO. 8125 WITH STARKE TAYLOR & SONS. AS YOU ARE PROBABLY AWARE LETTERS OF CREDIT CANNOT BE OPENED IMMEDIATELY SINCE DBP WOULD NOT ALLOW THEN ANY TEXTILE MILL TO IMPORT COTTON UNDER FREE DOLLARS UNTIL AFTER FIRMS' PAST DUE COTTON CONTRACTS LISTED IN THE ANNEX TO OUR MAY 7 LETTER TO THE US EMBASSY ARE HONORED
PLEASE TAKE NOTE THAT IN A SPIRIT OF COOPERATION DBP HAS OMEN EXERTING ITS BEST EFFORTS TO HAVE ALL PHILIPPINE TEXTILE MILLERS WITH PAST DUE COTTON CONTRACTS HONOR THEIR OBLIGATIONS. WE THEREFORE EXPECT THE AMERICAN COTTON SUPPLIERS TO COMPLY ALSO WITH THEIR COMMITMENTS WITH OUR TEXTILE MILLERS
BEST REGARDS

VICE CHAIRMAN DE OCAMPO
PHILDEBANK END QUOTE
SULLIVAN

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